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Michael Petersen and Markus Reich

Crossing the Swiss boarder

In the mist of the financial crisis, no country has seemed to go untouched but that didn't mean that a few didn't put up an amazing fight. The Swiss economy held strong to the end of the 2008, but with US, Japan and a host of European countries already in recession for several quarters, the Swiss economy was unlikely to defy the downward trend for much longer. However, it is hoped that the 2009 recession will be a little less severe there than elsewhere. The Swiss economy is well balanced, its households and businesses are in sound financial condition, and Swiss banks are not rationing credit, unlike the situation in the United States. Charlotte Abbott talks to Michael Petersen and Markus Reich, Managing Partners at Cross Equity Partners AG, about the Swiss ability to change and adapt.



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DETAILS

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The firm

Cross is a leading Swiss private equity firm, offering capital, industrial expertise and an extensive network to mid-sized Swiss, Southern German and Austrian companies in the context of succession solutions or corporate spin-outs.

Cross – established in 2008 by a long-term team of former 3i senior managers – combines entrepreneurial and industrial experience with extensive private equity knowledge for buy-out transactions and selected minority investments.

The investment focus is on industry-leading and profitable mid-sized companies in traditional growth sectors like engineering, machine building and capital goods as well as industrially manufactured products and services.

The Cross fund is advised exclusively by Cross Equity Partners AG, Zurich.

Cross Equity aims at providing flexible equity solutions predominantly by way of majority take-overs (buy-outs) as well as by selected minority transactions (growth capital or private placements) while pursuing long-term industrial strategies to generate sustainable profitable growth and value.

Cross' investor base includes long-term oriented entrepreneurs, family offices, pension funds and institutional investors from both Switzerland and abroad. They view Cross as an opportunity to generate sustained growth and value in a closely defined and attractive market segment.

Fundraising will continue throughout 2009 and Cross will accept further limited partners until the year-end.

Cross Equity is led by the two Managing Partners Dr. Michael Petersen and Markus Reich, who together initiated and established Cross as an independent buy-out fund dedicated to a very attractive target region.

Both Managing Partners have worked in private equity for more than 10 years and have successfully invested in 25 companies in German-speaking Europe.

What have been the landmark deals for your company in 2008?

“The landmark developments for Cross Equity in 2008 were the successful completion of Cross L.P.'s first closing as well as the leveraged buy-out of Schwab Verkehrstechnik AG in January 2009 – a rolling stock technology company being the European No. 2 in railway buffers and a respected technology leader in couplers.”

Have there been any trends emerging which you have noticed over the last 12 months?

“By the end of 2008 availability of leverage financing for medium-sized transactions has virtually stopped in Germany while debt financing continues to be available in the Swiss market.

“Funds with the size of Cross benefit from the current market environment yielding a sound number of attractive smaller and mid-sized transactions.

“With the completion of corporate budgeting for 2009, many vendors have adapted and revised their previously high price expectations.”

What are your predictions for 2009?

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